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CIA denies investigation of Friends Amis sale

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By John Markoff, IW Staff

The U.S. Central Intelligence Agency has denied recent allegations that it is investigating the sale of Friends Amis, a San Francisco-based portable-computer company, to Matsushita, a Japanese consumer-electronics corporation.

InfoWorld reported last week that as part of a stepped up campaign by the Reagan administration to restrict the export of U.S. high-technology goods and services, CIA agents had conducted inquiries related to the sale.

Dale Peterson, a spokesman for the CIA in Langley, Virginia, said, "It's absolutely untrue that the CIA is involved in any investigation into the Friends Amis Corporation."

Peterson, however, would not comment on reports that CIA agents have recently made a series of inquiries into Japanese and U.S. high-technology firms.

He said that the CIA regularly contacted U.S. citizens for information about activities taking place outside this country.

"We have the responsibility to collect foreign intelligence from cooperating Americans in the United States," he said. "We do have individuals who go out and contact American businessmen—people at all levels; who voluntarily want to provide information about what's going on outside the United States."

Peterson also refused to comment on the CIA role in a new interagency task force that the Justice Department is setting up to police high-technology exports from Silicon Valley. Recently, the CIA has created a Technology Transfer Intelligence Committee to focus on the problem of the export of high-technology products.

U.S. Attorney John Russoniello said in an interview that the CIA's role in the interagency task force would be to act as an "information provider."

Software leadership

"As an example, if there is a concern that is being investigated, the CIA could inform us whether or not they would be able to use a technology once it is shipped overseas," he said.

Another source, an executive at a Bay Area personal-computer company that has extensive business dealings in Asia, has reported that he was also recently visited by two CIA employees. He said that the CIA had questioned him about Japanese personal-computer software.

"I had the definite impression that something related to Japanese R&D in software was worrying them," he said.

Most of the questions in the interview related to the status of current Japanese software technology.

After the interview he said that he decided that the CIA was most interested in new Japanese efforts in software needed for "fifth generation" computer technology. This is the next stage of computer design that both Japanese and American corporations are racing to design.

Ron Gordon, former president of Friends Amis, said he was relieved by the CIA denial. "I was disturbed by the story. I am relieved to see that the CIA has denied that it is investigating the Friends Amis sale."

Gordon said that he was upset by the story and said he felt it had unfairly implicated Friends Amis and the story may have endangered his business relation with Matsushita.

"What does a normal American person do when he hears the CIA is investigating someone?" Gordon said.

He said that Friends Amis had taken great care not to violate U.S. export laws: "We had investigated every aspect of the sale and Matsushita was twice as worried as we were."

Gordon said that he felt the agency was most likely conducting a survey about the potential of the United States to lose its software-technology leadership to Japan.

"Those who think that the United States has a clear lead in software are wrong. The danger is exactly the same

as it is in the personal-computer area, and we are in danger of getting caught with our pants down," he said.

He said that the Japanese look at software development in a manner different than the United States. "They are trying to automate software production," he said. Gordon said that Hitachi had funded an entire software university where hundreds of people were developing software. ■